

COMPETITIVE SOURCING/A-76 NEWSLETTER OCTOBER 2000

COMPETITIVE SOURCING AND STRATEGIC SOURCING

In April 2000, DOD reaffirmed its commitment to Competitive Sourcing (A-76) as the primary means for achieving savings needed to meet the Defense Reform Initiative goals and the Department's business strategy. Although actions are still needed to improve accuracy of savings estimates, the government accounting office recently reported that significant savings and performance improvements continue to be obtained through Competitive Sourcing. These reports can be accessed at "www.gao.gov."

Competitive Sourcing now includes the Strategic Sourcing Program as an aggressive approach to help the Air Force meet or exceed savings goals. The strategic sourcing approach includes all functions or activities that could be reengineered or consolidated regardless of whether they are inherently governmental, military essential, or commercial activities -- competition is an integral part of the overall strategy.

The value of Strategic Sourcing is that every function or organization is reviewed whether it is commercial, commercial exempt from competition, or inherently governmental. It cuts across all functions and organizations and allows the Air Force to take a total look at business practices and achieve savings in all functions and activities rather than focusing only on commercial activities. Strategic Sourcing relies on a wide range of manpower management techniques to achieve savings rather than relying solely on A-76 competition. These techniques include: elimination of obsolete practices; consolidation of functions or activities; reengineering and restructuring organizations, functions, or activities; adoption of best practices; activity based costing management; and privatization of functions or activities. These options are in addition to continued and extensive use of A-76 competitions and do not preclude the competition requirement of commercial activities.

CONTRACT ADMINISTRATION COSTS

Contract Administration costs are those costs of administering the contract such as processing invoices that would not be incurred unless the work is converted to contract. These costs do not include inspection and other administrative requirements that are common for both contract and Government performance. Therefore, when the most efficient organization (MEO) includes a Quality Control Program, if required by the statement of work (SOW), it is not the same as the Quality Assurance Surveillance Plan. The Quality Assurance Surveillance Plan is intended to determine if the in-house or contractor is meeting the requirements of the SOW. The Quality Control Program is designed to provide a quality control process and to ensure that the organization (MEO or contractor) actually follows it. It puts the burden for quality control on the MEO or contractor. It is not inspection driven nor based on detailed "how to" requirements. The

authorizations necessary to staff the Quality Control Program for the MEO are included and costed as part of the MEO personnel costs.

DOD A-76 HANDBOOKS

DOD is completing an extensive review to provide handbooks that cover the A-76 process. The DOD team for this project included experts on A-76 from OSD, the service components, and the private sector. The nine handbooks expected to be available this fall include:

- DOD A-76 Handbook #1 – Component Centralized Management Techniques that Improve the Cost Comparison Process

- DOD A-76 Handbook #2 – Getting Started

- DOD A-76 Handbook #3 - Acquisition Actions

- DOD A-76 Handbook #4 – Developing the Performance Work Statement (PWS) and Quality Assurance Surveillance Plan (QASP)

- DOD A-76 Handbook #5 – Developing the Government Management Plan

- DOD A-76 Handbook #6 – Human Resources Actions

- DOD A-76 Handbook #7 – Public Review and Administrative Appeals

- DOD A-76 Handbook # 8 – Making the Cost Comparison Decision and Post A-76 Actions

- DOD A-76 Handbook #9 – DOD Manual on A-76 Costing

MARKET RESEARCH UPDATE

The Market Research packages for Custodial Services, Grounds Maintenance, Integrated Pest Management, Military Family Housing Maintenance, and Refuse and Recycling have been updated and are currently on the AFCESA website at “www.afcesa.af.mil.”

ANNUAL PARTNERING MEETING

The annual CE, Contracting, and Industry Partnering Meeting is being planned for Feb 27-28 in Atlanta. It will be held at the Westin hotel near the airport for the convenience of attendees. This year’s theme is “Partnering Achieves Success” and will include briefings and a trade show. Invited attendees will represent all military services, other government agencies, contractors/vendors, and professional organizations representing functions normally performed by CE. An official message with more information will be sent as the date draws nearer. Mark these dates on your calendar and plan to attend.